

Ruffer Total Return International – Australia Fund

Positive returns with low volatility

February saw the return of a ‘good news is bad news’ dynamic in markets as a string of positive economic surprises out of the US reignited concerns about inflation and, with it, expectations of more central bank rate hikes. This meant January’s Goldilocks ‘soft landing’ became February’s ‘no landing’ – a scenario in which growth remains stronger for longer, forcing interest rates to remain higher for an extended period. This was painful for most assets, with bonds suffering the most severe whiplash as global bonds followed up their best (ever) January with their worst February performance since 1990.

Whilst the bond market adjusted in real time, with yields and short-term inflation expectations rising over the month as markets priced interest rates in the US to reach 5.5% by the end of the summer (up from 4.9% at the start of the month), equities remained remarkably sanguine. At least until Valentine’s Day brought stronger than expected US inflation data, hitting January’s equity darlings as rate-sensitive names fell furthest (the Nasdaq fell 6.9% on the month). Against this backdrop of rising yields, the fund’s long-dated inflation-linked bonds suffered, as they were not met with a commensurate rise in longer term inflation expectations. Gold, which had the additional headwind of a rising US dollar, also detracted from performance. Our protective assets offered little help as volatility and credit spreads remained subdued. Whilst a falling oil price over the period was reflected in the negative contribution from our commodity exposure, the fund’s energy equities made positive returns.

The question now is whether this is just a blip in this year’s risk rally, or a sign of things to come. So far, a confluence of factors has created a tactical runway for markets in the coming months. These include China re-opening, a European energy-driven rebound, US consumer resilience and positive liquidity from central banks in China, Japan, and Europe. In light of this we have used the recent weakness to add to some of our risk assets, primarily via China sensitive equities and commodities. However, we do not view this set up as sustainable for 2023 as a whole, and our positioning continues to be informed by three essential judgements: inflation can’t fall back to target without recession, recession won’t come without tightening financial conditions, and we won’t get tighter financial conditions unless central banks are hawkish.

We are already seeing evidence a global growth rebound is inconsistent with sustained disinflation. With Fed officials having now put a 50 basis point hike back on the table, we expect both fundamentals and liquidity conditions to be challenged in the second half of the year. Hence, we have used this year’s decline in volatility (equity and credit) to dial up the protection in the portfolio, using VIX calls again for the first time since 2020. What’s more, equity risk premiums remain extremely depressed (at the time of writing, the yield on a six month treasury bill exceeds the earnings yield on the S&P 500) and thus our overall allocation to risk assets remains low in favour of the optionality of cash.

The danger today is the equity market had a narrative that it is now reluctant to abandon. We, the Fed and the bond market, it seems, have Keynes in our minds: “When the facts change, I change my mind – what do you do, sir?” So far equity markets and many investors, do not.

Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange. This financial promotion is issued by Ruffer LLP, 80 Victoria Street, London SW1E 5JL. Ruffer LLP is authorised and regulated by the UK Financial Conduct Authority © Ruffer LLP 2023



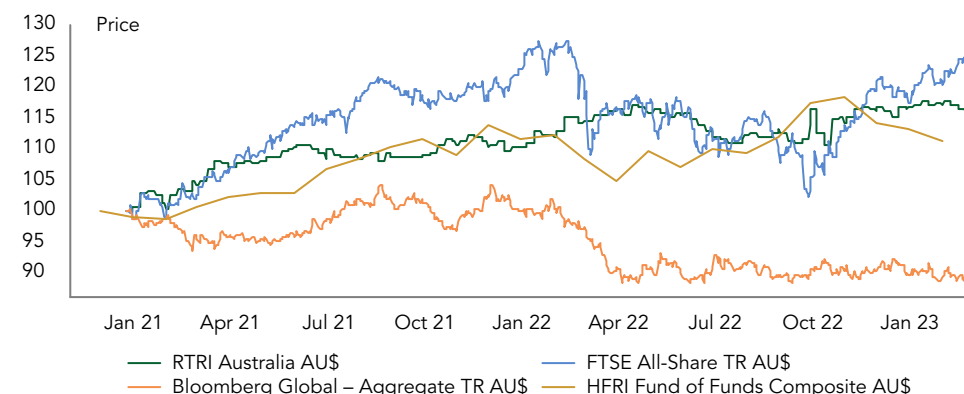
Investment objective

The investment objective of the fund is to achieve low volatility, positive returns from an actively managed portfolio. The fund may have exposure to the following asset classes: cash, debt, securities of any type (including government and corporate debt), equities and equity related securities and commodities (including precious metals). Overriding this objective is a fundamental philosophy of capital preservation. Investors should note that there can be no assurance that the investment objective will be achieved. Returns are not guaranteed.

Target Market Summary

This product is likely to be appropriate for a consumer seeking capital growth and capital preservation to be used as a core or satellite component within a portfolio where the consumer has a minimum five year investment timeframe, medium to high risk/ return profile and needs weekly access to capital.

Performance since sub-fund launch on 24 December 2020



RTRI Australia capitalisation shares	Performance %	As at 28 February 2023	AUD
February 2023	-2.1	Unit price	1.1467
Year to date	-2.0	Source: Ruffer LLP, RTRI – Australia Fund.	
1 year	-0.1	Past performance is not an Indicator of future performance.	
Since Inception to Feb 23	14.7		

12 month performance to December %	2022
RTRI Australia AU\$	6.0
FTSE All-Share TR AU\$	-4.5
Bloomberg Global – Aggregate TR AU\$	-10.2
HFRI Fund of Funds Composite AU\$	1.6

Source: Ruffer LLP, FTSE International, Bloomberg, HFRI. Ruffer performance is shown in AUD after deduction of all fees and management charges, and on the basis of income being reinvested. Calendar quarter data has been used up to the latest quarter end and monthly data thereafter.

Ruffer Total Return International – Australia Fund as at 28 Feb 2023

Asset allocation – underlying fund (RTRI)



Asset allocation	%
Short-dated bonds	26.2
Index-linked gilts	14.1
Non-UK index-linked	9.5
Cash	7.6
Long-dated index-linked gilts	6.1
Gold exposure and gold equities	4.4
Protection strategies	2.5
Commodity exposure	8.7
UK equities	6.4
Europe equities	4.1
North America equities	3.9
Asia ex-Japan equities	3.1
Japan equities	2.8
Other equities	0.6

10 largest equity holdings*

Stock	% of fund
BP	2.2
iShares MSCI China A UCITS ETF	1.2
Ryanair	0.8
Hoya	0.7
Alibaba Group Holding	0.7
Taiwan Semiconductor Manufacturing Co	0.7
ArcelorMittal	0.7
ORIX	0.6
Glencore	0.6
Ambev SA	0.6

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 2.5% 2024	7.5
US Treasury 0.625% TIPS 2023	6.1
US Treasury FRN 31 Oct 2024	5.4
UK Treasury index-linked 0.125% 2024	5.3
US Treasury FRN 31 Jul 2024	4.0

*Excludes holdings in pooled funds
Source: Ruffer LLP.
Pie chart totals may not equal 100 due to rounding.

The views expressed in this marketing communication are not intended as an offer or solicitation for the purchase or sale of any investment or financial instrument. The views reflect the views of Ruffer LLP at the date of this document and, whilst the opinions stated are honestly held, they are not guarantees and should not be relied upon and may be subject to change without notice. The Trust Company (RE Services) Limited ABN 45 003 278 831 AFSL No. 235150 (Responsible Entity) is the responsible entity of Ruffer Total Return International – Australia Fund ARSN 643 278 693 (fund) and issuer of units in the fund. This document has been prepared by Ruffer LLP (UK FRN #229135) (Ruffer or the Investment Manager) and issued by the Responsible Entity. The information in this marketing communication is intended for 'wholesale clients' under the Corporations Act 2001 (Cth) and does not contain any personal advice or recommendation regarding any financial products. No consideration has been made of your individual investment objectives, financial situation, needs or circumstances and you will need to make your own enquiries and should seek all necessary financial, legal, tax and investment advice. Past performance is not a reliable indicator of future performance. Neither the Responsible Entity nor Ruffer guarantee repayment of capital or any particular rate of return from the fund. A product disclosure statement (PDS) and target market determination (TMD) issued by the Responsible Entity are available for the fund at ruffer.co.uk/rtri-au. You should obtain and consider the PDS and TMD before deciding whether to acquire, or continue to hold, an interest in the fund. Initial applications for units in the fund can only be made pursuant to the application form accompanying or provided with the PDS. The Responsible Entity has appointed Ruffer to provide investment and other services to the fund, pursuant to an investment management agreement entered into between the Responsible Entity and Ruffer. Ruffer LLP is licensed by ASIC as an Australian Financial Services Licensee with AFSL number 526358 authorising it to provide certain financial services to wholesale clients only. However, Ruffer is not authorised to provide financial product advice to retail clients in Australia.

Fund size **AUD\$233.8m**

Fund information

Asset class	Multi-Asset	
Fund inception date	24 December 2020	
Fund base currency	AUD	
Fund structure	Managed Investment Scheme	
Fund regulator	The Australian Securities and Investments Commission (ASIC)	
Distribution	Annual, although not expected. The year end is 30 June	
APIR PIM1038AU	ISIN AU60PIM10382	ARSN 643 278 693
Bloomberg	PIM1038 AU	
Buy/sell spread	0%	
Minimum initial investment	AUD\$20,000	
Management costs	1.07% per annum of the net asset value of the Fund comprising: Fund level fees and costs of 0.9% Indirect costs of 0.17%	
Dealing Day	Weekly, typically a Thursday*	
Subscription and redemption cut-off	Weekly, typically 2pm Friday*	
Subscription and redemption settlement dates	T+5, typically a Thursday*	
Investment Manager	Ruffer LLP	
Responsible Entity	The Trust Company (RE Services) Limited	
Custodian and Administrator	Apex Fund Services Pty Ltd	
Auditors	Ernst & Young	

*The Fund's Dealing Day, subscription and redemption cut-off will be impacted by public holidays in Luxembourg, the UK and/or Australia. Impacted dates are available from ruffer.co.uk/rtri-au



Fund Managers

Jacques Hirsch

RESEARCH DIRECTOR

Joined Ruffer in 2011, previous work included fund management and macro research at Goldman Sachs, GLG Partners and Fulcrum Asset Management. Graduated from École Centrale Paris in 1999, and holds an MSc in Mathematics from the University of Oxford.



Alex Lennard

INVESTMENT DIRECTOR

Joined Ruffer in 2006 after graduating from Exeter University with an honours degree in economics and finance. He is a member of the CISI. He is co-manager of two of Ruffer's flagship funds.



Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 January 2023, assets managed by the Ruffer Group exceeded A\$46.2bn.

Enquiries

Ruffer LLP, 80 Victoria St London SW1E 5JL australiafund@ruffer.co.uk
ruffer.co.uk/rtri-au

FTSE® is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data and no party may rely on any FTSE indices, ratings and/or underlying data contained in this communication. No further distribution of FTSE Data is permitted without FTSE's express written consent. FTSE does not promote, sponsor or endorse the content of this communication. The HFRI Fund of Funds Composite Index is being used under license from Hedge Fund Research, Inc., which does not approve of or endorse the content of this communication. The rating issued 10 March 2022 is published by Lonssec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonssec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonssec assumes no obligation to update. Lonssec uses objective criteria and receives a fee from the Fund Manager. Visit lonssec.com.au for ratings information and to access the full report. © 2023 Lonssec. All rights reserved.